THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012

(213) 240-8101

March 5, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

APPROVAL OF AN AGREEMENT WITH KAISER FOUNDATION HOSPITALS FOR BURN SERVICES AT THE DEPARTMENT OF HEALTH SERVICES' LOS ANGELES COUNTY+UNIVERSITY OF SOUTHERN CALIFORNIA (LAC+USC) MEDICAL CENTER
(1st District) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services, or his designee, to: 1) enter into a Hospital Services Agreement, substantially similar to Exhibit I, for the continued provision of hospital burn services to patients (i.e., members) referred by Kaiser Foundation Hospitals (Kaiser) to the LAC+ USC Medical Center, effective on the date of Board approval through June 30, 2007, with an automatic month-to-month renewal through June 30, 2008, sign all necessary documents upon approval by County Counsel, and take all other necessary action, as set forth below, to permit the University of Southern California (USC) School of Medicine, through its physician group, USC Care, to provide physician services to Kaiser patients; and 2) obtain authorization to make a one-time payment of $578,147 in physician fees to the USC School of Medicine as collected by LAC+USC Medical Center from Kaiser for burn patient services rendered in Fiscal Years (FYs) 2002-03 and 2003-04 under similar terms of a previous arrangement between the Department of Health Services (DHS) and the USC School of Medicine.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

The purpose of the recommended actions are to:

1. Enable Kaiser to continue referring its members to LAC+USC Medical Center for hospital burn services, with updated reimbursement rates which will result in an estimated annual revenue of approximately $600,000, an increase of eight percent over the prior agreement.

2. Authorize the one-time pass through payment of $578,147 in physician fees collected from Kaiser Foundation Hospitals and owed to the USC School of Medicine for burn services rendered in Fiscal Years 2002-03 and 2003-04, in lieu of earlier payments for physician fees which had been permitted under the County Professional Services Agreement with the USC School of Medicine.

FISCAL IMPACT/FINANCING:

There is no net County Cost under this action, with all costs being offset by revenue generated. The rates that have been negotiated and incorporated into the agreement will result in revenue to the LAC+USC Medical Center of approximately $600,000 annually, an increase in case rates of eight percent over the prior agreement and will increase 3.5% annually in the subsequent years of the contract term. Also, the recommended action will result in a one-time pass through of $578,147 collected from Kaiser for payment of physician services to the USC School of Medicine under a previously approved arrangement under the Medical School Affiliation Agreement with the USC School of Medicine.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 9, 1996, the Board approved County Contract No. H-205591 with Kaiser Foundation Hospitals for the provision of the hospital component of burn services at the LAC+USC Medical Center and County Contract No. H-205593 with Kaiser Southern California Permanente Medical Group (Permanente) for the provision of the physician component of burn services at the LAC+USC Medical Center, effective February 1, 1995, through January 31, 1997, with a month-to-month extension pending negotiation of a new agreement.

On November 14, 2000, the Board approved Amendment No.1 to these agreements to: 1) adjust the reimbursement rates, 2) include language required by the Federal Health Care Financing Administration, and 3) revise the term to expire on June 30, 2003. After June 30, 2003, DHS has continued to provide burn care services to Kaiser-referred burn patients under DHS "Fast Track" agreements on an interim basis while negotiating a new Hospital Services Agreement with Kaiser. The agreement before your Board would permit LAC+USC to continue the provision of burn services at the new and agreed upon rates.

Under the previous agreements with Kaiser Foundation Hospitals and Kaiser Southern California Permanente Medical Group, the County was authorized, among other things, to submit a bill for services rendered by physicians from the USC School of Medicine.

In order to pass-through to the physicians from the USC School of Medicine the payments made by Kaiser Permanente for services provided, DHS amended the scope of supplemental services covered under the existing County Professional Services Agreement with the USC School of Medicine for payment on a periodic basis of actual physician fees collected from Kaiser Permanente. However, because DHS has already reached its maximum County obligation for payment to the USC School of Medicine under this Agreement for FY 2002-03 and 2003-04, physician fees for the burn services already rendered can no longer be passed through by this method. The one-time pass through payment before your Board for the actual fees collected from Kaiser Permanente will account for all services already rendered.

The Agreement before your Board will, among other things, authorize DHS to bill only for the hospital component, and not for physicians fees, for the burn services to be provided. Under a separate arrangement

between Permanente and the USC School of Medicine, through its physician group, USC Care, separate billings will be submitted to Kaiser Permanente by USC Care for the physician services. Your Board's authorization for the Director to sign all necessary documents to effectuate the Agreement before your Board will permit DHS to execute any document (e.g. under the existing County Professional Services Agreement, the Chief Medical Officer must expressly consent for the USC School of Medicine to bill for any services rendered at LAC+USC Medical Center) and put in place all requisite administrative and operational requirements so that USC Care may begin to bill for its physicians services.

As under the original agreements offering burn care services to Kaiser patients, DHS has considered its hospital capacity and its obligation to provide care first to indigent patients. Admission of burn patients referred by Kaiser will be subject to County Code Section 2.76.130, Priority of Admission.

CONTRACT PROCESS:

Not applicable, for services provided directly by County.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the recommended action will ensure that vital hospital burn services will continue to be made available at the LAC+USC Medical Center to patients referred from Kaiser Foundation Hospitals.

When approved, this Department requires four signed copies of the Board action.

Respectfully submitted,

Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

pm:01/22/04
KAIBOAR2.GI

ATTACHMENT A

SUMMARY OF AGREEMENT

1. **TYPE OF SERVICE**:

The LAC+USC Medical Center burn care services program is the County's only program that provides highly specialized burn services, whose goals are to maintain a Center of Excellence for Burn Services. The program treats approximately 350 patients annually.

2. **AGENCY ADDRESS AND CONTACT PERSON**:

Mr. Steve Peiser, Regional Director
Kaiser Community Medical Services
393 East Walnut
Pasadena, California 91188
Telephone/Facsimile (626) 405-6244; (626) 405-6774
Electronic Mail (e-mail) Address: steve.j.peiser@kp.org

3. **TERM**:

Effective on the date of Board approval through July 31, 2007, with an automatic month-to-month renewal through June 30, 2008, or until a renewal (i.e., new replacement) agreement has been approved by the Board, whichever of these two events or dates sooner occur. The agreement is also coterminous with an agreement between the US School of Medicine and Kaiser Southern California Permanente Medical Group under which physician services will be provided.

4. **FINANCIAL INFORMATION**:

There is no net County Cost under this action, with all costs being offset by revenue generated. The rates that have been negotiated and incorporated into the agreement will result in revenue to the LAC+USC Medical Center of approximately $600,000 annually, an increase in case rates of eight percent over the prior agreement and will increase 3.5% annually in the subsequent years of the contract term. Also, the recommended action will result in one-time pass through payment of physician fees of $578,147 collected from Kaiser to the USC School of Medicine under a previously approved arrangement under the County Professional Services Agreement.

5. **GEOGRAPHIC AREA TO BE SERVED**:

First District.

6. **ACCOUNTABLE FOR MONITORING AND EVALUATION**:

Pete Delgado, LAC+USC Medical Center, Chief Executive Officer.

7. **APPROVALS**:

LAC+USC Medical Center:	Dave Runke, Chief Finance Officer
Contracts and Grants Division:	Diana Sayler, Interim Chief
County Counsel (as to form):	Edward A. Morrissey, Deputy County Counsel

EXHIBIT I

Kaiser Foundation Hospitals

Hospital Agreement
For Burn Services with
County of Los Angeles
Department of Health Services
LAC+USC Medical Center

Kaiser Foundation Hospitals

Hospital Agreement
With
County of Los Angeles
(Department of Health Services)

THIS HOSPITAL AGREEMENT ("AGREEMENT") is made and entered into on the date executed by the Los

Angeles County Board of Supervisors as shown herein on _____, 2004, ("Effective Date") and is between Kaiser Foundation Hospitals, a California nonprofit public benefit corporation ("KFH") and the County of Los Angeles (referred to herein as "Hospital").

RECITALS

The parties are entering into this Agreement on the following premises:

A. KFH is obligated, pursuant to an agreement with Kaiser Foundation Health Plan, Inc. ("Health Plan" or "Plan"), to provide and/or arrange for all necessary hospital services for members (collectively "Members" and each a "Member") of Health Plan and any of the affiliated health plan organizations cooperating in the conduct of the health care program commonly known as the "Kaiser Permanente Medical Care Program" and other managed care networks with whom Health Plan has executed relevant contracts. Such affiliated health plan organizations and such other managed care networks are collectively referred to as "Payors" and are identified on Appendix 1 to the Addendum, which is attached hereto and incorporated herein by this reference. The terms "Member" and "Members" include, without limitation, Medicare beneficiaries, Medi-Cal beneficiaries and enrollees in any of Health Plan's commercial products, and are not limited to Medi-Cal beneficiaries.

B. Health Plan is licensed as a health care service plan by the California Department of Managed Health Care ("DMHC"). Health Plan and this Agreement are subject to the Knox-Keene Health Care Service Plan Act of 1975 located at California Health & Safety Code Sections 1340, et seq. and regulations promulgated thereunder. Accordingly, this Agreement will be shared with the DMHC, which shall maintain all rates and payment information contained herein as confidential in accordance with applicable law.

C. Each Member who receives services under this Agreement (a "Member Patient") shall have a primary care physician associated with Southern California Permanente Medical Group, a California professional medical partnership ("Medical Group") who is responsible for coordination of medical care provided to the Member Patient. Medical records for the Member Patient are maintained by KFH, Medical Group and/or Health Plan (collectively, or any one or more, "KP") and Medical Group and will be available for access by Hospital as necessary to provide Services to a Member Patient. KFH and Medical Group shall have the right, in their sole discretion, to do as much of the work-up for each referral as KP determines is appropriate.

D. Hospital has as its primary objective the delivery of professional and general acute Inpatient and Outpatient

health care services, all of which are duly licensed by the State of California Department of Health Services ("SDHS"). Hospital desires to participate in the network of health care providers which is offered to Members.

E. Kaiser Foundation Hospitals and Hospital deem it in their respective best interests to enter into this Agreement.

I. DEFINITIONS

Terms used throughout this Agreement are defined as follows:

Affiliate(s) - A corporation or other organization owned or controlled, either directly or through parent or subsidiary corporations, by Health Plan, or under common control with Health Plan.

Agreement Year - A period beginning at 12:01 a.m. on the effective date of the Agreement and ending at midnight on June 30 of the following year. For any subsequent year the Agreement Year shall mean a period beginning at 12:01 a.m., July 1 and ending at midnight on June 30 in the following year.

Authorization - The procedure for obtaining KFH's prior approval or otherwise notifying KFH in advance for all Covered Services, except for services rendered with respect to an Emergency.

Benefits - Those health care services for a Member which the Health Plan is required to provide, arrange or pay for pursuant to the terms of the applicable Health Services Contract.

Contractholder - That entity with which Health Plan has a Health Services Contract.

Covered Services - The Hospital Services described in Exhibit "A" which are covered by the applicable Health Services Contract and which Hospital agrees to make available to Members in accordance with this Agreement.

Date of Payment - Date of receipt by Hospital of KFH's payment for Covered Services.

Day of Service - A measure of time during which a Member receives Covered Services and which occurs when a Member occupies a bed as of 12:00 midnight or when a Member is admitted and discharged within the same day, provided that such admission and discharge are not within twenty-four (24) hours of a prior discharge.

Director - The Director for the County's Department of Health Services who shall himself for himself, or through an authorized designee, administer this Agreement on behalf of Hospital.

Emergency - Those conditions defined in Health and Safety Code section 1317.1, as amended, including, but not limited to, a medical condition manifesting itself by acute symptoms of sufficient severity (including, without limitation, severe pain) such that a prudent lay person, who possesses an average knowledge of health and medicine, could reasonably expect that the absence of immediate medical attention would result in:

(1) Placing the patient's health in serious jeopardy,
(2) Serious impairment to bodily functions,
(3) Other serious medical consequences, or
(4) Serious and/or permanent dysfunction of any bodily organ or part; or
(5) With respect to a pregnant woman who is having contractions:
    (i) That there is inadequate time to effect a safe transfer to another hospital before delivery; or
    (ii) That transfer may pose a threat to the health or safety of the woman or the unborn child.

Emergency shall also include those conditions are subject to the Code of Federal Regulations section 489.24(b), as amended.

Emergency Services and Care - Medical screening, examination, and evaluation by a physician, or, to the extent permitted by applicable law, by other appropriate personnel under the supervision of a physician, to determine if an Emergency exists or active labor exists, and if it does, the care, treatment and surgery by a physician necessary to relieve or eliminate the Emergency, within the capability of the facility. Emergency Services and Care also means an additional screening, examination, and evaluation by a physician, or other personnel to extent permitted by applicable law and within the scope of licensure and clinical privileges, to determine if a psychiatric emergency exists, and the care and treatment necessary to relieve or eliminate the psychiatric emergency, within the capability of the facility, and as set forth in Section 1317.1 of the Health and Safety Code, as amended.

Facility – The hospital and clinics maintained and operated by the County of Los Angeles located at LAC+USC Medical Center 1200 North State Street, Los Angeles, CA 90033, at which the health care services described in this Agreement will be provided.

Health Services Contract - The contract between Health Plan and the applicable employer group, other entity, or individual that establishes the Benefits Members are entitled to receive from the Health Plan.

Hospital Services - Those inpatient and outpatient services of a hospital, or other facility as appropriate, which are covered by the Health Services Contract and this Agreement as set forth in Exhibit "A" attached hereto and incorporated herein.

Inpatient - A person admitted to a hospital as a registered inpatient with the expectation that he or she shall receive care overnight in an acute bed.

Medically Necessary - Services or supplies which, under the provisions of this Agreement, are determined to be:

(1) Appropriate and necessary for the symptoms, diagnosis or treatment of the medical condition, and
(2) Provided for the diagnosis or direct care and treatment of the medical condition, and
(3) Within standards of good medical practice within the organized medical community, and
(4) Not primarily for the convenience of the Member, the Member's physician or any other provider, and
(5) The most appropriate service or supply which can safely be provided.

Member - A person who satisfies the eligibility requirements and who is enrolled and accepted by Health Plan. "Member Patient" is a Member for whom Hospital is providing health care consistent with an applicable Authorization.
Outpatient - A person receiving medical care, under the direction of a Plan Provider, but not as an Inpatient.

Physician - A person licensed to practice as a physician or surgeon in the State of California.

Plan Hospital - A hospital licensed under applicable state law, contracting with Health Plan specifically to provide Hospital Services to Members.

Plan Provider - A Provider who has agreed to provide certain services which are Health Plan Benefits to Members in accordance with the Provider's agreement with Health Plan or with another Health Plan Provider ("Health Plan Provider Contract").

Primary Care Physician (PCP) - A general practitioner, board-certified or board-eligible family practitioner, internist, obstetrician-gynecologist or pediatrician who agrees to provide primary care Benefits to Members and to refer, authorize, supervise and coordinate the provision of all Benefits to Members in accordance with their Health Services Contract.

Professional Services Those Inpatient and Outpatient services covered by the Health Services Contract and provided by a Hospital Based Physician.

Provider - A Physician or other licensed medical practitioner, medical group, hospital or other licensed health facility, or other person or entity duly qualified to provide medical care in accordance with applicable State and Federal law, the applicable Health Services Contract, and Health Plan Provider Contract.

Specialist - A board-certified or eligible Physician, other than a PCP, who agrees to be a Health Plan Provider to provide Covered Services to Members on referral by a PCP or by the Health Plan.

Surcharge - An additional fee which is charged to a Member for a Benefit which is not provided for in the Health Services Contract.

II. HOSPITAL OBLIGATIONS

2.1 Covered Services. Hospital shall provide, or arrange for the provision of, Covered Services to members which are Medically Necessary, according to the terms of the Health Services Contract and this Agreement. All Covered Services provided by or arranged to be provided by Hospital are available to all Members and are included in the rates as set forth in Exhibit "A". This shall include Inpatient and Outpatient Hospital services as offered pursuant to and consistent with the licensure of Hospital.

2.2 Availability. Hospital shall ensure that Covered Services are readily available during regular business hours as is customary for the Hospital. In accordance with Exhibit "A" hospital shall provide, or arrange for the provision of, Covered Services to Members in the same manner, in accordance with the same

standards, and within the same time availability as such services are provided to other patients, and without regard to the degree or frequency of utilization of such services by a Member in accordance with and subject to the Section 9.22 and other terms of this Agreement.

2.3 Standard of Care. Hospital shall comply with all applicable Federal and State laws governing the provision, or arrangement for the provision, of Hospital Services, including health facility licensing requirements administered by SDHS, and shall provide Covered Services in accordance with generally accepted hospital standards at the time services are rendered, including, but not limited to, those established by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO). Hospital shall participate in KFH's Quality and Utilization Management Programs and abide by decisions made by such programs or as directed by the Health Plan's Quality Improvement Committee/Medical Director.

2.4 Facilities Licensure and Accreditation. As a material term of this Agreement, Hospital warrants and represents that the Facility is, and further warrants such Facility will continue to be, as long as this Agreement remains in effect, licensed by the State of California, and accredited by JCAHO as appropriate.

2.5 Verification of Eligibility. Hospital shall verify a Member's eligibility to receive Benefits by requesting the Member to present his Health Plan identification card.

2.6 Referrals and Notification of Admissions. Except as set forth in this Agreement, Hospital shall notify KFH prior to: (1) rendering services and care, except Emergency Services and Care, urgent services and care, and services and care related thereto to or on behalf of a Member, and (2) referring or transferring a Member to any Specialist, another Hospital or other Provider other than a PCP or other Health Plan Provider.

2.7 Contracting. Hospital may contract with other Health Plan Providers, providers and health plans, including, but not limited to, health plans responsible for furnishing Health Care Services to Medi-Cal beneficiaries under contract with Local Initiative and/or the State of California (e.g. SDHS).

2.8 Facilities and Equipment. Hospital shall provide and maintain, or arrange to provide and maintain, facilities and equipment which are of adequate capacity, clean, safe, and readily accessible when providing Covered Services to Members and, where appropriate, properly licensed and/or registered. If Hospital, or the County Board of Supervisors, or both, as part of its annual budgeting process or for other financial purposes determines not to appropriate sufficient monies to fund services listed in Exhibit "A," which is attached hereto and incorporated herein by reference, this Agreement shall terminate automatically with respect to the services listed in Exhibit "A", on the effective date of such Hospital or Board Action. Director shall give written notice of such action to KFH of the Board's action as soon as reasonably possible thereafter. Upon such Hospital or Board action, Exhibit "A", shall be deemed automatically amended as appropriate.

2.9 Administrative Services. Hospital shall perform or contract for all services incident to the administration of Hospital's responsibilities in accordance with this Agreement. Hospital shall provide Health Plan with the names, addresses and telephone and facsimile numbers of Hospital's Administrator, Business Office

Manager, Medical Staff Manager, and Utilization Management and Quality Improvement Manager, and shall notify Health Plan of any changes thereto.

2.10 Health Plan Grievance Procedures. Health Plan represents and warrants that it shall have provided to hospital a true and correct copy of Health Plan's grievance procedures as required by law. Hospital shall cooperate with Health Plan in identifying, processing and resolving all Member complaints and grievances pursuant to such grievance procedures. Hospital, and Hospital's Physician, or other staff as appropriate, shall be entitled to respond to any Member grievance for due consideration in resolving such grievance and agrees to use the same grievance procedure established by Health Plan in accord with requirements of the DMHC. All obligations of Hospital with respect to compliance with Health Plan grievance procedure (e.g., notice) are set forth in this Section 2.10.

In accordance with California Health and Safety Code (hereinafter "H&S") Section 1368.02(b)(2) and related subparagraphs, Hospital has the right to submit all unresolved grievances to DMHC.

DMHC is responsible for regulating health care service plans. DMHC has a toll-free number (1-800-400-0815) to receive complaints regarding health plans. The hearing and speech impaired may use the California Relay Service's toll-free telephone numbers (1-800-735-2929 (TTY) or 1-888-877-5378 (TTY)) to contact DMHC. The DMHC's internet website (www.dmhc.ca.gov) has complaint forms and instructions online. If you have a grievance against your health plan, you should first telephone your plan at (800-464-4000) and use the plan's grievance process before contacting DMHC. If you need help with a grievance involving an emergency, a grievance that has not been satisfactorily resolved by your plan, or a grievance that has remained unresolved for more than 30 days, you may call DMHC for assistance. The plan's grievance process and DMHC's complaint review process are in addition to any other dispute resolution procedures that may be available to you, and your failure to use these processes does not preclude your use of any other remedy provided by law.

Hospital and its personnel and agents shall use their best efforts to render Covered Services and interact with Member Patients in a manner that facilitates member satisfaction as required by State and Federal *law.* If Hospital is unable to resolve a Member Patient's complaint to his or her satisfaction, Hospital shall notify such Member Patient that he or she may contact the Kaiser Permanente Member Service Call Center by telephoning (800) 464-4000 to pursue the complaint further. Hospital shall make best efforts to notify KFH promptly and cooperate with KFH, Medical Group and Health Plan in identifying, processing and resolving all complaints and grievances, whether written or oral (collectively "Complaints"), which Hospital is unable to resolve to the Member Patient's satisfaction. Such cooperation shall be performed in accord with the applicable provisions of the Member Patient's relevant membership agreement with Health Plan which provides for a formal grievance system maintained by the Health Plan pursuant to Section 1368 of the Knox-Keene Act. Additionally, such cooperation shall include meeting with representatives of KFH, Medical Group, and/or Health Plan, promptly providing information bearing on the Complaint to such representatives, and taking all reasonable actions suggested by such representatives to resolve the Complaint.

2.11 Termination of the Hospital/Patient Relationship. Hospital may not, without advance review by KFH refuse admission or treatment or terminate its relationship with a Member because of such Member's medical condition, or the amount, type, or cost of Benefits that are required by the Member. Any such refusal or termination of services shall be first submitted to the Plan for review.

2.12 Required Disclosures. Hospital shall notify KFH immediately in writing upon the occurrence or disclosure of any of the following events:

Hospital's license as a health facility in California or its JCAHO accreditation is suspended, revoked, terminated or subject to terms of probation, restriction or provisional status; or

Hospital reduces or restricts the number or type of beds or services it offers, whether Inpatient or Outpatient; or

An act of nature or any event beyond Hospital's reasonable control occurs, which substantially interrupts all or a portion of Covered Services of Hospital or which otherwise has a materially adverse effect on Hospital's ability to perform its obligations hereunder; or

Hospital fails to maintain the insurance coverage required under Article VII of this Agreement, or to replace coverage which is canceled or terminated, as specified therein; or

Any other situation arises which could reasonably be expected to materially and adversely affect Hospital's ability to carry out its obligations under this Agreement.

2.13 DELETED BY AGREEMENT OF THE PARTIES.

2.14 Discharge Summaries and Encounter/Claims Data. Hospital shall provide KFH with discharge summaries and encounter/claims data as specified by KFH. The discharge summary shall be of the type ordinarily prepared by Hospital and provided to patients or third party payers at the time a bill for services is submitted. Required information shall be delivered by Hospital to KFH not later than one hundred and twenty (120) days following the end of the month in which Outpatient care was rendered or an Inpatient was discharged. For the Inpatient and specialty Covered Services, Plan shall report all Inpatient and Outpatient encounters to the appropriate regulatory agency where treatment is rendered by Hospital regardless of the eventual payment decision. Notwithstanding any other provision in this Agreement, KFH acknowledges and accepts as satisfactory during the term of this Agreement, and any extension amendment thereto, Hospital's billing of services in a non-itemized format with an all-inclusive charge, which includes Hospital Services and Professional Services. All encounter data, for the purpose of this Agreement, shall be provided solely in the UB92 format as is customary for Hospital.

2.15 Plan Provider List. Hospital agrees that Health Plan may list the name, services, address and telephone number of Hospital in Health Plan publications for purposes of informing Members and Health Plan Providers of the identity of participating Hospitals and otherwise carrying out the terms of this Agreement. Health Plan and Hospital each reserves the right to control the use of its name, symbols, trademarks, or service marks presently existing or later established. In addition, except as provided in this Paragraph, neither Health Plan nor Hospital shall use the other's name, symbols, trademarks, or service marks in

advertising or promotional materials or otherwise without the prior written consent of that party and shall cease any such usage immediately upon written notice of the party or upon termination of this Agreement, whichever is sooner.

2.16 DELETED BY AGREEMENT OF THE PARTIES.

III. KFH OBLIGATIONS

3.1 DELETED BY AGREEMENT OF THE PARTIES.

3.2 Identification Card. Health Plan shall issue Health Plan identification cards to Members. Hospital may rely on confirmed identification cards to verify enrollment, but not eligibility.

3.3 Eligibility Determination. KFH or Health Plan shall confirm eligibility to Hospital upon request.

3.4 Authorization of Referrals and Admission. KFH shall timely provide Authorization to Hospital upon request for referrals, admissions, and length-of-stay for the provision by Hospital of Covered Services. Such Authorization shall be include sufficient information as necessary for Health Plan to pay Hospital as set forth in section 6 of this Agreement.

3.5 Administrative Services. Health Plan shall perform or contract for those services incident to the administration of the Health Services Contract, including, but not limited to, the processing of enrollment applications, assignment of Members to their PCPs, and the administration of claims for Benefits.

IV. COMPENSATION

4.1 Payment of Hospital by KFH. KFH shall pay Hospital for Covered Services set forth in Exhibit "A" rendered by or through Hospital to Members at the rates and in accordance with the procedures set forth in Exhibit "A", attached hereto and incorporated herein by reference. KFH may not delegate responsibility for payment (e.g., to Health Plan's contracted physician (group) providers) as set forth in this Agreement without the express written consent of Hospital, which shall be at the sole and arbitrary discretion of Hospital. KFH shall pay Hospital in accord with the rates on Exhibit "A" for all services rendered by Hospital in reliance on a written referral authorization by KFH.

4.2 Prohibition Against Member Billings and Collections. Under no circumstances shall Hospital bill a Member for Benefits, or send a Member a statement of amounts owed Hospital by KFH. Hospital agrees to accept the rates set forth in Exhibit "A" as payment in full for Covered Services rendered to Members by or on behalf of Hospital. Hospital agrees that it shall not seek from the Member any Surcharge or other additional payment not provided for in the Member's Health Services Contract. Members shall not be liable to Hospital for any sums owed to Hospital by KFH. These prohibitions shall apply in all circumstances, including, but not limited to, non-payment by KFH, KFH's insolvency or breach of contract,

or the termination or rescission of this Agreement. These prohibitions shall not apply to billing for non-Covered Services, as permitted by Section 4.3.

Hospital shall submit invoices to KFH for Covered Services provided under this Agreement. Hospital shall seek payment solely from KFH for Covered Services provided under this Agreement, with the exception of copayments, coinsurance and deductibles due from the Member pursuant to the Health Services Contract, coordination of benefits and charges for uncovered services unless otherwise specifically directed by KFH. Copayments and deductibles for which Member Patients are personally responsible will be deducted from payments made by KFH pursuant to Exhibit "A".

Exhibit "A" payments made to Hospital. Hospital may collect such copayments and deductibles from the Member Patient. However, in no circumstance will Hospital be permitted to impose any surcharge on a Member Patient for Covered Services provided under this Agreement. Hospital agrees that in no event, including, but not limited to, non-payment by KFH, insolvency, breach of this Agreement, shall Hospital bill, charge, collect a deposit from, or have any recourse against any Member for Covered Services provided pursuant this Agreement. Hospital further agrees that this provision shall survive the termination or expiration of this Agreement regardless of the cause-giving rise to termination and shall be construed to be for the benefit of Members.

Notwithstanding any provision in this Agreement, or payment to Hospital thereunder, and except for Member Patients who are Medi-Cal beneficiaries Hospital, its agents and subcontractors may prosecute and seek recovery against any third party tortfeasor or other party, and on any judgment, award or settlement, as permitted under the Hospital Lien Act (Civ. Code section 3045.1 et seq.), section 23004.1 of the Government Code, or any other applicable law in the amount of Hospital's actual direct patient care fixed and variable costs resulting from the care provided by Hospital to Member for services specifically related to the third party cause of action, reduced by the amounts of any payments made by KFH.

4.3 Non-Covered Services. Hospital shall not bill or collect from Members for amounts owed Hospital by KFH. Hospital agrees that it shall not seek from the Member any surcharge or other additional payment not provided for in the Member's Medi-Cal Benefits or Health Services Contract. Members shall not be liable to Hospital for any sums owed Hospital by Health Plan. These prohibitions shall apply to all circumstances involving non-payment by Health Plan, Health Plan's insolvency or breach of contract, or the termination or rescission of this Agreement. These prohibitions shall not apply to billing services or collection for non-Covered Services as set forth in this Agreement, or to third party collection as permitted by section 4.2 of this Agreement, or law.

4.4 DELETED BY AGREEMENT OF THE PARTIES.

4.5 Billing Format. Hospital shall bill KFH within one hundred eighty (180) days from the date of discharge for Covered Services rendered on an Inpatient basis and one hundred eighty (180) days after the month in which Covered Services were rendered on an Outpatient basis. Hospital shall bill on forms in accordance with Universal Billing Form 92 (UB92) or its successor forms as is customary for Hospital. KFH is aware that Hospital utilizes all-inclusive per diem billing and does not provide itemized statements.

4.6 Medicare-covered Members. If the services provided to a Member Patient are covered by Medicare, Hospital shall bill its charges for such services as directed in this Subparagraph. Hospital acknowledges that services for some Member Patients will be covered by Health Plan's program under a Medicare risk contract between Centers for Medicare & Medicaid Services ("CMS") ("Kaiser Permanente Senior Advantage") or Health Plan's program under a Medicare cost contract between Health Plan and CMS ("M-Coverage"). Services which are payable under Part A or Part B of Medicare shall be billed as follows:

	Kaiser Permanente Senior Advantage **Member Patients**	**M-Coverage Member Patients**
Medicare Part A	Bill KP	Bill the appropriate fiscal intermediary
Medicare Part B	Bill KP	Bill the Medicare
End Stage Renal Disease ("ESRD")		Part B carrier

Hospital may bill KFH for payment of coinsurance and deductible charges not otherwise covered by Part A or Part B for M-Coverage Members, after receiving the Medicare Summary Notice MSN. ("MSN") from Medicare and submitting a copy of the MSN and claim to KFH.

4.7 Timeliness of Payment. KFH shall pay Hospital within forty-five (45) Working Days of receipt of a bill submitted in accordance with Section 4.5 unless the bill or substantial portion thereof, is contested by KFH, in which case Hospital shall be notified in writing within forty five (45) Working Days with a detailed explanation of basis for the "contested" bill. The term contested in this paragraph has the same meaning as in the California Health and Safety Code, Section 1371. For purposes of this Agreement and applicable law, the "Date of Payment" will be the date of receipt of payment by Hospital for the services provided to Members.

4.8 Coordination of Benefits: Hospital shall coordinate with KFH and Health Plan with respect to claims for any Member Patient payable by third party payors other than Medicare for third party liability, assignment and coordination of benefits. Upon Hospital's receipt of notice that Medicare is a secondary payor for Services provided to a Member Patient, Hospital shall immediately contact KFH for billing instructions concerning that Member Patient. If Hospital renders services to a patient who is granted non -Health Plan Medicaid coverage, Hospital shall refund all monies paid by KFH for such patient for the time period during which the non-Health Plan Medicaid coverage is payable. Such refund shall be made within sixty (60) days of the discovery of such coverage, and Hospital may bill Medicaid for payment. If a Member Patient has medical coverage (in addition to the coverage provided by Health Plan) and such coverage is primary, Hospital shall first bill the primary payor for payment relating to Services provided by Hospital.

Hospital may then bill KFH up to the rates noted in Exhibit "A", that when combined with payment from primary payor, does not exceed one hundred percent (100%) of Hospital's billed charges.

V. QUALITY AND UTILIZATION MANAGEMENT

5.1 KFH's Responsibilities. KFH is obligated under law to conduct quality and utilization management activities that identify, evaluate and remedy problems relating to access, continuity and quality of care, utilization and the cost of services. Accordingly, KFH shall conduct a quality and utilization management program. KFH's program shall include the establishment of peer review committees to conduct quality of care and utilization review activities in accordance with the California Health and Safety Code Sections 1370 and 1370.1. All quality and utilization management forms, records and other information in Health Plans possession shall remain the property of Health Plan and shall remain confidential.

5.2 Hospital's Responsibilities. Under mutual agreement, Hospital shall cooperate with Health Plan in monitoring quality and utilization management activities when expressly delegated, upon mutual execution in accordance with the terms of this Agreement, to Hospital by KFH. Hospital shall maintain the Facility and conduct its operations in compliance with all applicable laws, regulations and rules relating to licensure, certification and accreditation, including, but not limited to, those of the DMHC, the California Department of Health Services, and those necessary to participate in the Medicare and Medi-Cal programs under Title XVIII and Title XIX, respectively, of the Social Security Act, and those required for accreditation of the Facility by the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO"). If KFH believes that operations of the Facility may not be consistent with the standards of any other applicable regulating or accrediting agency, KFH shall provide written notice to Hospital of any such inconsistency. Within twenty (20) days of the date of such written notice, the parties shall meet and confer diligently and in good faith in efforts to develop a plan of action to correct such inconsistency. If such a plan of action cannot be developed and implemented within one hundred twenty (120) days of the date of such notice, then either party may terminate the Agreement upon giving the other party sixty (60) days prior written notice. Except for the sixty (60) days written notice required herein, any such termination described herein shall be deemed to be a termination for convenience as described under Section 8.2.

Hospital is committed under this Agreement to coordinate its efforts with the requirements of Health Plan, KFH and Medical Group to assure the quality of all care and services provided to Member Patients. Hospital hereby acknowledges that the quality assurance, risk management, and utilization review programs of Health Plan, KFH and Medical Group require that KFH and Medical Group monitor the quality assurance, risk management, and utilization review programs of Hospital and its medical staff. Subject to Hospital's established operating policies and procedures and regulations and medical staff bylaws, Hospital shall allow representatives of KFH and Medical Group to participate actively in the conduct of Hospital's quality assurance and utilization review committees relative to Member patients. Consistent with medical staff bylaws, Hospital's operating pollicies and procedures and applicable laws, physicians associated with Medical Group may make periodic visits to observe each Member Patient receiving services at the Facility. Such visits shall be made as deemed appropriate by KFH and/or physicians associated with Medical Group, with the permission of the attending physician.

5.3 Credentialing. Physicians, nurses, and other appropriate staff of Hospital, as providers of Hospital-based services (not clinic services) under this Agreement, shall not be subject to any KFH credentialing/re-credentialing process, including, but not limited to, KFH's credentialing process. KFH has delegated to

Hospital the process for credentialing providers who are performing services under this Agreement. Nonetheless, KFH in its sole discretion can revoke such delegation upon thirty (30) days prior written notice to Hospital. In the event of any such revocation, either party may terminate this Agreement for convenience upon thirty (30) days prior written notice. Except for the thirty (30) days written notice required herein, any such termination described herein shall be deemed to be a termination for convenience as described under Section 8.2. Hospital shall process all applications of physicians associated with Medical Group for staff privileges at the Facility on the same basis as all other applications for staff privileges. Additionally, physicians associated with Medical Group shall be granted courtesy privileges at Hospital's facilities in accord with Hospital's applicable bylaws.

VI. RECORDS

6.1 Member's Medical Record. Hospital shall ensure that a central medical record is established and maintained for each Member who is a patient of Hospital, which shall include all Hospital's information about the Member and a description of all services rendered to the Member that generally accepted medical and surgical practices and standards and the KFH may require, but in no event shall medical records or information be maintained for less than seven (7) years for adult Member Patients or for any minor Member Patient the greater of seven (7) years one year after reaching the age of majority; and in no event shall billing information and records be maintained for less than four (4) years for all Member Patients. Hospital's obligations to maintain these records shall survive the termination or expiration of this Agreement.

6.2 Access to Medical Records. Subject to compliance with applicable Federal and State laws and appropriate professional standards regarding the confidentiality of medical records, Hospital shall assist KFH in achieving continuity of care for Members through the maximum sharing of medical records for services rendered to Members. Hospitals obligations under this Section 6.2 shall be limited to the following:

(a) Providing KFH with copies of Member's medical records that are in custody of Hospital; and
(b) Upon reasonable request allow KFH authorized personnel access to such records on Hospital's premises during regular business hours; and
(c) Transmitting information from Members' medical records by telephone to KFH for purposes of Authorization and upon reasonable request other quality and utilization management activities; and
(d) upon reasonable request, providing copies of a Member's medical records to any other Plan Provider treating such Member.

6.3 Access to Financial Records. KFH shall have access at reasonable times, upon demand, to the books, records and documents of Hospital relating to Covered Services provided and with prior written notice by Hospital to Members, including, but not limited to, any charges to, or payments received from, Members by Hospital.

6.4 Confidentiality. KFH and Hospital agree to keep confidential and to take precautions as is customary for each party to prevent the unauthorized disclosure of any and all medical and/or contractual records and information required to be prepared or maintained by Hospital or KFH under this Agreement.

6.5 Regulatory Compliance. Hospital shall maintain such records (including, but not limited to, business records, and medical records) and provide such information to KFH, the United States Department of Health and Human Services, SDHS, Department of Justice (DOJ) and DMHC as may be necessary for compliance by Plan with Federal and State law including, but not limited to, the California Knox-Keene Health Care Service Plan Act of 1975, as amended, and the rules and regulations duly promulgated thereunder, for a period of at least seven (7) years from the close of Hospital last July 1 - June 30 fiscal year in which this Agreement was in effect. This obligation of Hospital does not cease upon termination of this Agreement whether by rescission or otherwise. All records, books and papers of Hospital pertaining to Members shall be open to inspection during normal business hours by KFH and State and Federal authorities. Health Plan shall provide Hospital with a copy of any survey, report or other document submitted to SDHS, or DMHC, or both, which includes some or all of the following information within thirty days following submission: inpatient and outpatient payments, and the number of paid days for any given period (i.e. calendar year, fiscal year, etc.) as between KFH and Hospital.

6.6 Ownership and Access to Records. Ownership and access to records of Members shall be controlled by applicable laws.

VII. INSURANCE

7.1.1 Insurance. During the term of this Agreement, Hospital, at its sole expense, shall maintain in full force and effect a program of self-insurance, or other insurance through a carrier eligible to conduct business in the State of California, covering its obligations under this Agreement for professional liability, bodily injury and property damages at levels of not less than Five Million Dollars ($5,000,000) per occurrence and Ten Million Dollars ($10,000,000) annual aggregate. Upon request, Hospital shall provide KFH with satisfactory evidence of its compliance with this insurance requirement.
During the term of this Agreement, KFH, at its sole expense, shall maintain in full force and effect a program of self-insurance, or other insurance through a carrier eligible to conduct business in the State of California, covering its obligations under this Agreement for professional liability, bodily injury and property damages at levels of not less than Five Million Dollars ($5,000,000) per occurrence and Ten Million Dollars ($10,000,000) annual aggregate. Upon request, KFH shall provide Hospital with satisfactory evidence of its compliance with this insurance requirement.

Each party shall maintain workers' compensation insurance or self-insurance covering its full liability as required by law under applicable California law and regulations.

VIII. TERM AND TERMINATION

8.1 Term. The term of this Agreement, when executed by both parties, shall commence on the date of approval by County's Board of Supervisors ("Board") and unless sooner canceled or terminated as provided herein, shall continue in full force and effect to midnight June 30, 2007. Said Agreement shall thereafter be renewed on a month-to-month basis through June 30, 2008, or until a new replacement agreement has been approved by the Board and executed by the parties, whichever of these two events or dates sooner occur, without further action by the parties hereto. The parties acknowledge that KFH shall arrange for the provision of physician's services at Facility under a separate agreement with the USC School of Medicine, through its physician group, USC Care (Physician Agreement), and that this Agreement shall be coterminous and valid only if and during the effective term of the Physician Agreement.

8.2 Termination for Convenience. Either party may terminate this Agreement, with or without cause, by giving the other party at least one-hundred eighty (180) calendar days written notice. In addition, either party may terminate this Agreement on sixty (60) calendar days written notice in accord with provisions of Section 5.2 hereinabove. In addition, either party may terminate this Agreement on thirty (30) calendar days written notice in accord with provisions of Section 5.3 hereinabove.

8.3 Termination For Breach. In the event of a material breach of this Agreement by one party, the other party may terminate this Agreement by giving the breaching party at least thirty (30) calendar days written notice, after having given that party at least thirty (30) days written notice and that party failed to cure the breach within such 30 day period.

8.4 Immediate Termination. After reviewing pertinent information, Health Plan may, at its option, immediately terminate this Agreement by written notice, if Hospital is determined not to be in compliance with Section 2.3, or if either party determines that the health, safety or welfare of Members is jeopardized by continuation of this Agreement.

8.5 Effect of Termination. As of the date of termination, this Agreement shall be considered of no further force or effect whatsoever and each of the parties shall be relieved and discharged from their respective obligations under this Agreement, except that:

(a) Termination shall not affect any rights or obligations hereunder which have previously accrued or shall hereafter arise, with respect to any occurrence prior to termination and such rights and obligations shall continue to be governed by the terms of this Agreement.

(b) Hospital agrees, at KFH's option, to continue to provide Covered Services to Members who are receiving care and treatment at Hospital as Inpatients or Outpatients related to Covered Services at the date of termination until the completion of such treatment or evaluation or until KFH arranges for the transfer of the Member to another Provider. Hospital shall be compensated for Benefits rendered in accordance with the Fees set forth in Exhibit "A".

(c) Except for the cost of the arbitrator and arbitration fees, each party shall be responsible for their own costs of completing any arbitration proceedings initiated pursuant to this Agreement as set forth in Section 9.11, including requests for arbitration of disputes arising between the parties after the effective date of termination.

(d) Hospital shall maintain such records and provide such information to KFH as set forth in Article VI of this Agreement. These records shall be maintained for at least five (5) years regardless of the termination date of this Agreement.

IX. MISCELLANEOUS PROVISIONS

9.1 Conflict of Interest. No County employee whose position in County enables such employee to influence the County's execution or administration of this Agreement or any competing agreement, and no spouse or economic dependent of such employee, shall be employed knowingly in any capacity by KFH or have any other direct or indirect financial interest in this Agreement. Each party to this Agreement shall comply with all conflict of interest laws, ordinances and regulations now in effect or hereafter to be enacted during the term of this Agreement. Each party warrants that it is not now aware of any facts which create a conflict of interest. If either party hereafter becomes aware of any facts which might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the other party. Full written disclosure shall include without limitation, identification of all persons implicated and a complete description of all relevant circumstances.

9.2 Termination for Improper Consideration. County may, by written notice to KFH, immediately terminate the right of KFH to proceed under this Agreement if it is found that consideration, in any form, was offered or given by KFH, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment, or extension of the Agreement, or the making of any determination with respect to KFH's performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against KFH as it could pursue in the event of default by KFH.

KFH shall immediately report any attempt by a County officer, employee, or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controllers Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Among other items, such improper consideration may take the form of cash, discounts, and service, the provision of travel or entertainment, or tangible gifts.

9.3 KFH's Acknowledgment of County's Commitment to Child Support Enforcement. KFH acknowledges that County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. KFH understands that it is County's policy to encourage all County contractors to voluntarily post County's "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at KFH's places of business. County Child Support Services Department will supply KFH with the poster to be used.

9.4 Partial Invalidity. If for any reason, any provision of this Agreement is held invalid, the remaining provisions shall remain in full force and effect.

9.5 Waiver of Breach. The waiver of any breach of this Agreement by either party shall not constitute a continuing waiver of any subsequent breach of either the same or any other provision of this Agreement.

9.6 Exhibits. All Exhibits referenced in this Agreement, including those listed on the Table following the signature page, are incorporated herein by this reference.

9.7 Amendment. Unless otherwise specifically provided herein, this Agreement may be amended only by mutual written consent of KFH's and Hospital's duly authorized representatives by following the same formalities and procedures utilized in Agreement's original execution. Notice to, or consent of, Members shall not be required for any amendments to this Agreement. Notwithstanding the foregoing, in the event that a change or addition to this Agreement is mandated by a Federal, State or other statute, regulation or regulatory agency, written consent of the parties shall not be required to amend this Agreement in accordance with such mandate, except when such change or addition materially revises a Hospital duty or responsibility hereunder, with a consequent material increase in Hospital costs, KFH shall, whenever possible, notify Hospital of any such amendment (the "Notification Amendment") thirty (30) calendar days prior to its effective date.

9.8 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California. Enforcement of section 9.13 of this Agreement is to be governed by California Code of Civil Procedure section 1280, et seq., including section 1281.2(c). KFH is subject to the requirements of the Knox-Keene Act, as amended, (Chapter 2.2 of Division 2 of the Health & Safety Code), and the rules and regulations duly promulgated thereunder (Subchapter 5.5 of Chapter 3 of Title 10 of the California Code of Regulations), and any provision required to be in this Agreement by such statutes or regulations is incorporated herein by reference and is binding on both parties).

9.9 Effect of Changes in Law.

(a) Where a change in applicable law or regulation requires modification to this Agreement, or any Exhibits to this Agreement, KFH and Hospital may submit proposed changes to the other in accordance with the notice provisions in section 9.14 the proposed modification. The proposed modification shall become effective upon sixty (60) calendar days of receipt of the proposed modification, unless a written objection is made to the other party in accordance with section 9.14 during this sixty (60) day period. Within sixty calendar days of receipt of this objection, the parties shall meet in a good faith effort to resolve the outstanding objection, and, if possible, negotiate and implement a mutually agreed upon modification.

(b) If the parties cannot agree as to a modification under the process described in subsection (a) above, this Agreement shall remain unchanged and in effect, except that either party shall have right to terminate this Agreement, in whole or in part, in accordance with section 8.2, or upon shorter notice if required by law.

9.10 Entire Agreement. This Agreement, together with the Exhibits hereto incorporated herein by reference, contains the entire Agreement between KFH and Hospital relating to the rights granted and the obligations assumed by the parties concerning the provision of Covered Services by Hospital to Plan

Members. This Agreement supersedes all prior agreements, either oral or in writing, with respect to the subject matter hereof.

9.11 Independent Parties. In the performance of the work, duties and obligations assumed under this Agreement, it is mutually understood and agreed that each party, its agents, employees or representatives are at all times acting and performing as independent contractors and that neither party shall consider itself or act as the agent, employee or representative of the other.

9.12 Cooperation of Parties. Hospital and KFH agree to meet and confer in good faith on any problems including, but not limited to, utilization of services, problems concerning, authorization, encounters/claims or reporting procedures and information and forms provided to Hospital for use in conjunction with Members.

9.13 Dispute Resolution; Binding Arbitration.

a) Health Plan Informal Dispute Resolution Process. KFH has established a dispute resolution mechanism for provider disputes pursuant to Section 1367(h) of the California Health and Safety Code, and such mechanism includes the processes described hereinbelow: Billing and Claims Disputes. If an alleged dispute concerns a billing or claims question, then Hospital may avail itself directly of a dispute resolution mechanism specifically for the purpose of resolving billing and claims disputes. In order to avail itself of that resolution mechanism, Hospital should contact the Kaiser Permanente Claims Department at telephone number 888-634-1300. If Hospital desires to avail itself of this dispute resolution mechanism, Hospital must submit a notice indicating its interest in resolving a dispute under this provision at the address and telephone number, and in accordance with the requirements, set forth in Section 9.16 of the Agreement or should contact the Kaiser Permanente Claims Department at telephone number 888-634-1300. If Hospital is not satisfied with the outcome of such procedure, Hospital may then elect to resolve such dispute by exercising the rights and obligations set forth below in this Section.

b) General Informal Dispute Resolution Process. Each party may submit disputes or problems arising under this Agreement to the other party (including, but not limited to, any billings or claims disputes which may be submitted for dispute under subsection a) at the address and telephone numbers provided in Section 9.16 of this Agreement. The receiving party will attempt to respond to all disputes within thirty (30) days of receipt, except in urgent cases in which the receiving party will respond as soon as possible. Following receipt of the response, both parties will meet and confer in good faith to resolve the dispute or problem. If both parties agree, the dispute may be submitted to voluntary mediation or any other dispute resolution technique as the parties may mutually agree upon at such time.

c) Binding Arbitration. While it is the intent of the parties to resolve disputes informally as set forth above, utilization of the informal dispute resolution process is not a prerequisite to either party seeking resolution of a dispute though arbitration as set forth in this subsection c).

Absent mutual agreement by the parties in accordance with subsection a) or b) above, binding arbitration pursuant to this Agreement shall be the exclusive remedy of the parties for all disputes arising out of or concerning this Agreement. Such arbitration shall be conducted according to the Commercial Rules of Arbitration of the American Arbitration Association (AAA). The parties shall have the right to conduct discovery in accord with California Code of Civil Procedure Section 1283.05. The award must be based

on proof properly received into evidence and as permitted under California law. The cost of arbitration shall be divided equally between the parties. Unless the parties can agree on a single neutral arbitrator, each shall select an arbitrator and the two arbitrators shall within fifteen (15) days of their selection meet and select a third arbitrator. The third arbitrator shall by himself or herself hear the matter at a reasonable time thereafter. Hospital and KFH agree that the arbitration results shall be binding on both parties in any subsequent litigation or other dispute.

d) Bundling of Hospital's Claim. Notwithstanding any provisions in this Agreement, Hospital may, in its sole discretion, bundle two or more claims seeking payment for services performed under this Agreement for purposes of resolving such claims as set forth in this section 9.13.

9.14 Unforeseen Circumstances/ Force Majeure.

(a) In the event that the operations of the Facility are substantially interrupted by acts of war, terrorism, fire, insurrection, riot, earthquakes or other acts of nature or any cause that is not the fault of Hospital or is beyond reasonable control of Hospital, then Hospital shall be relieved of its obligations only as to those affected operations and only as to those affected portions of this Agreement for the duration of such interruption.

(b) Payment Obligations under Force Majeure. Hospitals shall not be relieved of its obligations under this Agreement for those covered services that are unaffected by the events pursuant to the foregoing.

(c) Neither party shall be liable nor be deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment which occurs during and results from acts of God, earthquakes, floods, or other events beyond the reasonable control of the party whose performance is delayed or interrupted. Performance of a party which is delayed by such an act or event shall be excused during the period of time that such act or event continues to exist.

9.15 Advertising. Hospital hereby expressly consents to KFH's including Hospital's name for use in any document prepared for the purpose of marketing Health Plan. Hospital shall have the prior right to review and approve such use, provided, however, that such approval shall not be unreasonably denied. KFH shall have no other right to use the name of Hospital in any advertisement or otherwise without the express written consent of Hospital. Hospital may identify itself as a Health Plan Hospital or Health Plan Provider. Hospital shall have no other right to use the name of Health Plan in any advertisement or otherwise without the express written consent of Health Plan.

9.16 Notices. Any and all notices, required, permitted, or desired to be given hereunder by one party to the other shall be in writing and shall be delivered to the other party personally or by United States mail, certified or registered, return receipt requested, and addressed as follows:

For KFH: Steve Peiser
Regional Director,
Community Medical Services
393 East Walnut
Pasadena, CA.91188

For Hospital: LAC+USC Expenditure Management
2064 Marengo Avenue

Los Angeles, CA 90033 Telephone 323-226-6527

AND

County of Los Angeles
Department of Health Services
Contracts and Grants Division Telephone: (213) 240-7723
313 North Figueroa Street, 6th Floor B East
Los Angeles, California 90012
Attention: Division Chief

If personally delivered, such notice shall be deemed given upon delivery. If mailed in accordance with this Paragraph 9.16, such notice shall be deemed given as of the date indicated on the return receipt. Either party may change its address for notice purposes by giving prior written notice of such change to the other party in accordance with this Paragraph 9.16.

9.17 Captions. The captions contained herein are for reference purposes only and shall not affect the meaning of this Agreement.

9.18.1 Assignment. Neither KFH nor Hospital shall assign or transfer its rights, duties or obligations under this Agreement without the prior written consent of the other party. Either party shall not unreasonably with old such consent. Any attempted assignment in violation of this provision shall be void.

9.19 Affirmative Action and Nondiscrimination. Hospital will provide services to Members without discrimination on account of race, sex, color, religion, national origin, age, physical or mental disability, or veteran's status. Hospital recognizes that as a governmental contactor Hospitals is subject to various federal laws, executive orders and regulations regarding equal opportunity and affirmative action which also may be applicable to subcontractors. Hospital, therefore, agrees that any and all applicable equal opportunity and affirmative action clauses from the Federal Acquisition Regulation ("FAF") at 48 CFR Part 52 shall be incorporated herein by reference as required by federal laws, executive orders, and regulations, including the following FAR clauses: (a) Equal Opportunity (Feb. 1999) at FAR 52.222-26; (b) Affirmative Action for Disabled Veterans of the Vietnam Era (April 1998) at FAR 52.222-35; (c) Affirmative Action for Workers with Disabilities (June 1998) at FAR 52-222-36; and (d) Small Business Subcontracting Plan (Oct. 1999) at FAR 52.219-9.

9.20 Gender and Number. The masculine, feminine or neuter gender and the singular or plural numbers shall be deemed to include the others whenever the context so indicates or requires.

9.21 Liability. KFH shall indemnify, defend, and save Hospital harmless for any claim, demand, loss, lawsuit, settlement, judgment, or other liability, and all related expenses which may accrue, arising from or in

connection with a claim of a third party arising from a negligent or otherwise wrongful act or omission of KFH, its agents or employees.

Hospital shall indemnify, defend, and save KFH harmless from any claim, demand, loss, lawsuit, settlement, judgment, or other liability, and all related expenses which may accrue, arising from or in connection with a claim of a third party arising from a negligent or otherwise wrongful act or omission of Hospital, its agents or employees.

If each party claims and is entitled to indemnity from the other, the liability of each to the other shall be determined according to principles of comparative fault.

Indemnity shall include damages, reasonable costs, reasonable expense, and reasonable attorney's fees as incurred by the party indemnified. The foregoing indemnification provision will remain in effect following the termination of this Agreement

9.22 Priority of Admission. Hospital agrees to provide Covered Services on the same basis as such services are provided to other patients of Hospital. No special consideration, either favorable or unfavorable, shall be extended to Members under this Agreement because of their affiliation with KFH other than as specifically provided for this Agreement. KFH recognizes that Hospital accepts Members as Patients hereunder as subject to staffing, equipment, and bed availability allows. And, this acceptance of patients is further subject to Hospital's priority responsibility to provide care first to any emergency patients and others, including those not covered under this Agreement whereby Hospital has a legal responsibility to provide care, including, but not limited to, any obligation of care of Hospital under section 17000 of the Welfare and Institutions code, and the Los Angeles County Code.

9.23 Nondisclosure of Rates. Each party hereto agrees to use its best efforts to maintain the confidentiality of the compensation rates set forth in Exhibit A. The parties acknowledge that the DMHC is charged by law with protecting the confidentiality of contract rate information for managed care contracts filed with that agency. Hospital shall make reasonable attempts to protect this information as "official" and "trade secret" information under the Health and Safety Code section 1457, among other authority. For Hospital, only the members of Hospital's Board of Supervisors, Director, Chief Administrative Officer, Auditor-Controller, Treasurer, Counsel and their respective authorized representatives shall have access to the rate information contained herein, and only for the purpose of carrying out official County functions by Hospital.

If such rate information is disclosed to other persons or agencies by Hospital, because such disclosure on good faith belief of Hospital is required or permitted by the California Public Records Act or otherwise by law, KFH shall have no recourse against Hospital, its officers, agents, and employees in connection with any and all damages and liability which KFH may incur as a result, except to claim breach of contract and terminate as otherwise described in this Agreement.

Nothing herein is intended to prevent either party from disclosing such information (1) in a court proceeding or in an arbitration when such disclosure is required, or (2) upon request of a duly authorized representative of Federal or State government.

Notwithstanding the foregoing, KFH may at its own discretion, disclose to DMHC, any information contained in this Agreement including rates, paid claim data or revenue information, if such request is presented by DMHC to KFH in writing and under reasonable circumstances.

Except as required by law, neither KFH nor Hospital shall cause to be published or disseminated any advertising materials either printed or electronically transmitted any advertising materials either printed or electronically transmitted, which identify the other party or its facilities with respect to this Agreement, except as specifically stated in the Agreement.

9.24 No Third Parties. There are no third parties to this Agreement.

9.25 No Community Provider Status Designation. For so long as, and for the time period during which County's Community Health KFH is designated as or pursues designation as the "Community Provider" by the Managed Risk Medical Insurance Board for the Health Families Program, KFH shall not, to the extent permitted by law if any, seek designation as Community Provider without prior written consent of the County.

9.26 HIPAA. The parties acknowledge the existence of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations ("HIPAA"). Health Plan understands and agrees that it is a 'covered entity' under HIPAA and, as such, has obligations with respect to the confidentiality, privacy, and security of patients' medical information, and must take certain steps to preserve the confidentiality of this information, both internally and externally, including the training of staff and the establishment of proper procedures for the release of such information, including the use of appropriate consents and authorizations specified under HIPAA.

The parties acknowledge their separate and independent obligations with respect to HIPAA, and that such obligations relate to transactions and code sets, privacy, and security. Each party understands and agrees that it is separately and independently responsible for compliance with HIPAA in all these areas and that Department has not undertaken any responsibility for compliance on Health Plan's behalf. Neither party has relied, and will not in any way rely, on the other party for legal advice or other representations with respect to its obligations under HIPAA, but will independently seek its own counsel and take the necessary measures to comply with the law and its implementing regulations.

EACH PARTY AGREES TO INDEMNIFY AND HOLD HARMLESS THE OTHER PARTY (INCLUDING THEIR OFFICERS, EMPLOYEES, AND AGENTS), FOR ITS FAILURE TO COMPLY WITH HIPAA

9.27 Hospital acknowledges that the services provided under this Agreement to Member Patients who are enrolled in the Kaiser Permanente Senior Advantage program or in any other Medicare+Choice product are subject to additional requirements in applicable CMS rules and regulations. Hospital agrees to comply with those requirements, including any changes made to them from time to time, in performing its duties under this Agreement. Such requirements in their present form are described in Exhibit "B" which is attached hereto and incorporated herein by this reference.

Exhibits: The following Exhibits are attached and incorporated in this Agreement by this reference:

Exhibit "A" - Rate Schedule
Exhibit "B" - Medicare+Choice Requirements
Appendix "1" Payors

[THIS SECTION LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be subscribed by its Director of Health Services, and KFH has caused this Agreement to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Thomas L. Garthwaite, M.D.
Director and Chief Medical
Officer

KAISER FOUNDATION HOSPITALS, a
California Non-Profit Public
Benefit Corporation

By _____
Anthony A. Amada, Senior Vice
President and Services Area
Manager Metro Service Area

(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
LLOYD W. PELLMAN
County Counsel

By _____
Deputy

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Acting Chief, Contracts and
Grants Division

EXHIBIT "A"
Kaiser Foundation Hospitals
Participating Hospital Agreement
With
County of Los Angeles
RATE SCHEDULE

Effective: _____, 2004 (commencement date is date of approval by Los Angeles County Board of Supervisors) through June 30, 2007

Fee Schedule[(1), (2), (3), (4), (5), (6), (7)]

I. INPATIENT ACUTE CARE--HOSPITAL COMPONENT

DRG	DRG Description	Inpatient Day Threshold	All-inclusive Case Rate[(4)]
483	Tracheostomy except for face, mouth and neck diagnosis	33	$79,000
504	Extensive 3rd degree burn with skin graft	45	$75,600
505	Extensive 3rd degree burn with skin graft	27	$10,900
506	Full Thickness Burn with skin graft or inhalation injury with CC or significant trauma	39	$23,800
507	Full thickness burn with skin graft or inhalation injury without CC or significant trauma	33	$17,800
508	Full thickness burn without skin graft or inhalation injury with CC or significant trauma	29	$8,000
509	Full thickness burn without skin graft or inhalation injury without CC or significant trauma	29	$5,600
510	Nonextensive burns with CC or significant trauma	39	$7,000
511	Nonextensive burns without CC or significant trauma	29	$5,400
Hospital's compensation for Inpatient services provided to referred burn patients who have a discharge DRG other than the case rates listed in this Rate Schedule, for Senior Advantage Patients or Member patients without Medicare, shall equal the lesser of: (a) 50% of the LAC+USC Medical Center's approved billing rates less the physician component on the date of service or (b) the Medicare allowable rate. Such charges may be subject to Medical review and require supporting documentation			

	All-inclusive Per Diem Rate
Excess Days (For inpatient days in excess of the applicable Inpatient Day Threshold)	$1,800

II. OUTPATIENT CARE--HOSPITAL COMPONENT

	All-inclusive Per Visit Charge
Outpatient Burn Services	$205

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(1) Hospital's compensation for Services provided to Kaiser Permanente Senior Advantage Member Patients

or Member Patients without Medicare shall equal the lesser of (a) the applicable rate shown on this Exhibit "A", or (b) 50% of the charges as shown in Hospital's Charge Description Master in effect as of the date the relevant Services were rendered ("Charges").

(2) For Kaiser Permanente Member Patients transferred to another acute facility, the same percentage of payment recognized by the HCFA DRG Pricer, will be applied to the Exhibit "A" rate.

(3) Case Rates are all-inclusive for hospital impatient or outpatient services from date of admission to the latter of:
   A. The date of discharge from the impatient burn care unit, or
   B. The date of wound closure (define as the date the burn wound requires no further skin grafting to close wound).

(4) Physician fees shall be billed separately under the Southern California Permanente Medical Group Contract.

(5) Case rates are inclusive of, but not limited to:
   A. Conference room for family conference as needed;
   B. Work space for Hospitals' Burn Care Coordinator;
   C. Access to phone, FAX, and copy machine for physicians associated with Medical Group and the Burn Care Coordinator;
   D. Preferred parking for physicians with Medical Group and the Burn Care Coordinator on an as needed basis; and
   E. Parking assistance for Member Patients' families.

(6) Excluded from the per diem and case rates are the following, which may be provided by Hospital due to medical necessity in connection with the provision of burn services: Prosthetics, Orthotics, Implants. KFH shall pay Hospital's actual costs for such items, which cost shall be supported by original invoice(s) with actual cost(s) noted.

(7) The case rates, per diems and outpatient rates detailed in this Exhibit "A" will be adjusted by a medical inflation factor of 3.5% at the end of each Agreement Year.

EXHIBIT B

Kaiser Foundation Hospitals
Participating Hospital Agreement
With County of Los Angeles

Effective: _____, 2004 (commencement date is date of approval by Los Angeles County Board of Supervisors) through June 30, 2007

MEDICARE + CHOICE REQUIREMENTS

The following provisions shall be followed by Hospital in performing its duties under the Agreement and in providing Services to Member Patients covered by Health Plan pursuant to Health Plan's contracts with the U.S. Centers for Medicare and Medicaid Services ("CMS") for Members enrolled in the Medicare Risk Program.

These requirements are based upon the interim Medicare+Choice regulations and an interim final rule available in July 1999 which may be further clarified, eliminated or amended by CMS. in the event of changes to the governing regulations, these requirements shall be superseded by any such later required amendment, which shall operate retroactively to the effective date of this Agreement.

These requirements shall only apply to Covered Services rendered to those Members who are enrolled in the Medicare+Choice Program, unless otherwise expressly stated in a particular provision below. In case of conflict between the Agreement and any preceding amendments, on the one hand, and these requirements, on the other, these requirements shall control as to the Medicare+Choice Program only, provided that to the extent Hospital is required by law or by the Agreement to comply with other laws, regulations or requirements by accrediting agencies, such as JCAHO or NCQA, the broadest obligation shall control. To the extent that any greater rights or obligations between the parties are created hereunder than are in the Agreement or any preceding amendments, such rights and obligations shall only apply to the Covered Services provided under the Medicare+Choice Program. In addition, to the extent that any specific terms in the Agreement, including but not limited to financial terms, applied to Covered Services provided to Medicare Risk Members, those terms shall continue to apply to any Covered Services provided pursuant to the Medicare+Choice Program.

Except as expressly modified herein, all other terms and conditions of the Agreement continue in full force and effect.

Definitions

For purposes of this Exhibit C, the following definitions apply:

Covered Services. Covered Services are (a) health care services and benefits which the Member is entitled to receive, provided by and through the Kaiser Permanente Medical Care Program, under its Membership Agreement with a Member and (b) authorized services or approved emergency services.

Member. In addition to any definitions of Member in the Agreement, a Member shall also include a Member enrolled through Medicare+Choice pursuant to a contract between KP and CMS.

Access to Services.

Hospital must provide Covered Services to Members during hours of operation that are appropriate to make Covered Services available and accessible to Members and do not discriminate against Medicare+Choice Members. All information about treatment options, including the option of no treatment, must be provided to Members in a culturally competent manner. Hospital shall ensure that Members with disabilities shall be able to communicate effectively with all health care professionals in making decisions regarding treatment options.

Confidentiality of Members' Records/Advance Directives

Hospital must keep in strictest confidence, and maintain the accuracy of, the medical records or other health and enrollment information of Members and must abide by all federal and state laws regarding confidentiality and disclosure of mental health records, medical records or other health or membership information. Hospital shall not sell, release or otherwise disclose the name or address of any Member to any third party for any purpose, including scientific study. Hospital shall also provide for timely access by Members to their records and other relevant information.

The Hospital shall document in a prominent part of the Member's medical record whether or not the Member has executed an advance directive. The Hospital shall not condition the provision of care or discriminate against a Member on the basis of whether the Member has executed an advance directive.

Continuation of Services

Hospital shall continue to provide Covered Services to Members who are hospitalized through the later of (a) the date for which premiums were paid or (b) the date of discharge, even if the contract between CMS and Health Plan has terminated or in the event of the insolvency of Health Plan. Hospital is prohibited by law from billing Members for such Covered Services. This provision shall survive the termination of the Agreement, regardless of the reason for termination, including the insolvency of Health Plan, and shall supersede any oral or written agreement between Hospital and a Member.

No Recourse Against Members

Hospital agrees that in no event, including but not limited to nonpayment by Health Plan, insolvency of Health Plan, cessation of operations by Health Plan, or breach of this Agreement, shall Hospital bill, charge, collect a deposit from, impose surcharges, or have any recourse against a Member or a person acting on behalf of a Member for Covered Services provided pursuant to this Agreement. This Agreement does not prohibit Hospital from collecting (a) coinsurance, deductibles or copayments, as specifically provided for in the Membership Agreement or (b) fees for services which are not Covered Services. These requirements and this Agreement do not prohibit Hospital and a Member from agreeing to continue services solely at the Member's expense, as long as the Hospital has clearly informed the Member that Health Plan may not cover or continue to cover a specific service or services. This provision shall survive the termination of the Agreement, regardless of the reason for termination, including the insolvency of Health Plan, and shall supersede any oral or written agreement between Hospital and a Member.

Quality Review and Improvement

Hospital hereby acknowledges that the quality assessment and improvement programs of KFH and Medical Group require KFH and Medical Group to monitor the quality assessment and improvement activities of contracting providers. Hospital agrees (i) to participate in KFH' and Medical Group's quality assessment and improvement programs, including review by KFH' and Medical Group's quality assurance and improvement committees and staff, (ii) to abide by KFH' and Medical Group's quality assessment and improvement plan, and (iii) to cooperate with KFH and Medical Group to objectively monitor and evaluate the quality of services provided at Hospital's site(s), including, but not limited to, the availability, accessibility, acceptability, and continuity of such care.

Hospital shall maintain at all times during the term hereof a quality assessment and improvement program, which meets all state and federal licensure, accreditation and certification requirements, including, but not limited to, accreditation standards of the Joint Commission on Accreditation of Health Care Organizations ("JCAHO"), National Commission for Quality Assurance ("NCQA") or other organizations, to the extent required by the Medicare + choice program. Upon request, Hospital will provide KFH and Medical Group with Hospital's quality assessment and improvement plan and a copy of all updates and revisions.

Hospital shall investigate and respond immediately to all quality issues, and shall work with KFH and Medical Group to resolve any accessibility and other quality issues related to Covered Services provided to Members. Hospital will remedy, as soon as reasonably possible, any condition related to patient care which has been determined by KFH or Medical Group, or any governmental or accrediting agency to be unsatisfactory. The parties shall work together to continuously assess and improve the quality and accessibility of care provided to Members and to resolve problems related to the provision of Covered Services.

Hospital shall ensure that all information provided to Health Plan, KFH and Medical Group shall be reliable and complete and shall make such information available to CMS and other state and federal governmental agencies and accrediting organizations upon request.

Hospital will provide information for use in quality assessment and improvement activities conducted by KFH and/or Medical Group, including but not limited to provider and patient specific information. KFH and Medical Group will protect the confidentiality of such information to the extent required under State and Federal law. Upon request, Hospital shall provide data, information and records (i) which Health Plan must review for accreditation by the NCQA and for Health Plan's credentialing activities that meet NCQA standards, and (ii) which is required by other accrediting organizations. Hospital will provide KFH and Medical Group access to all patient care protocols, policies and procedures, and any modifications, upon request.

Hospital shall permit, at reasonable times with reasonable notice, inspection of its site(s) by NCQA and other accrediting organizations as required by the Medicare + Choice Program. Hospital shall permit KFH and Medical Group and Government Officials (as such term is defined herein below) to conduct periodic site evaluations of Hospital's site(s). Hospital will participate in all utilization management, quality assessment and improvement, credentialing, recredentialing, peer review and any other activities required by regulatory and accrediting agencies.

Hospital shall cooperate with any independent quality review and improvement organization or other external review organization which is retained by KFH or Medical Group as part of its quality assessment and improvement program.

Hospital shall further cooperate and abide by Health Plan's grievance and appeals procedures for Members, including, upon Health Plan's request, the gathering and forwarding of information on such grievances and appeals to Health Plan within the time frames required by Health Plan.

Provider Credentialing and Selection

In accordance with its medical staff bylaws and corporate bylaws, Hospital shall expeditiously credential, privilege and reprivilege all physicians and other health care practitioners providing services at Hospital's facility, in compliance with law and with the standards and requirements of Health Plan, KFH and/or Medical Group and appropriate licensing, regulatory and accrediting agencies, including JCAHO, NCQA (to the extent applicable to services rendered under this Agreement and as required by the Medicare + Choice Program) and the California Department of Health Services. Health Plan, KFH and/or Medical Group shall have the right upon reasonable notice to review and monitor Hospital's policies and procedures, including all documentation describing the credentials and privileges of physicians and other health care professionals providing services in connection with this Agreement. In providing Covered Services under this Agreement, Hospital shall not employ or contract with directly or indirectly, any individual or entity who is excluded from participation under Medicare or who has opted out of Medicare and who provides healthcare services, utilization review, medical social work or administrative services with respect to Members. As part of the credentialing process, Hospital shall obtain certification from each physician and other health care professional providing the services listed above that such individual or entity has not been excluded from participation under Medicare nor has opted out of Medicare. To the extent that Health Plan, KFH or Medical Group has delegated the credentialing process to Hospital, Health Plan, KFH and/or Medical Group retains the right to audit the credentialing process on an ongoing basis and to revoke such delegation. In the event that Hospital has the responsibility or authority under this Agreement to select providers, contractors or subcontractors to provide Covered Services, directly or indirectly, to Members, Health Plan, KFH and/or Medical Group retains the right to approve, suspend or terminate any such responsibility or authority. Any contracts or arrangements between Hospital and such individuals or entities must provide for the right of KFH and/or Medical Group to do so as to its Members.

As of the effective date of these Requirements, Hospital warrants that Hospital, and all physicians and all health care practitioners, including employees, contractors and agents of Hospital, who provide Covered Services to Members, shall be at all times during the term hereof, properly licensed by the state in which such services are rendered, certified, qualified and in good standing in accord with all applicable local, state and federal laws. Hospital and each of its sites shall be accredited, if applicable. Hospital, Hospital's sites and all providers furnishing services hereunder shall meet applicable requirements and be properly certified under the Medicare programs, as set forth in Title XVIII and Title XIX, respectively, of the Social Security Act. Upon request, Hospital shall provide as to such services provided under this Agreement satisfactory documentary evidence of such licensure, certification, and qualifications of Hospital, Hospital's sites and physicians or other health care providers furnishing such services at Hospital's sites.

Accountability and Delegation

Health Plan and KFH are responsible to CMS for providing oversight in the administration of the provisions governing the Medicare+Choice Program as to its Members. Hospital shall provide Covered Services to Members in a manner consistent with professionally recognized standards of care. Health Plan's and KFH' responsibility and accountability to CMS shall not relieve Hospital of any duty to provide Members with Covered Services in accord with such professionally recognized standards of care.

To the extent that Hospital has been delegated any activities or functions which are the responsibility of Health Plan or KFH, Hospital shall make such periodic and other reports as reasonably required by Health Plan or KFH in order for Health Plan and KFH to meet its obligations under the Medicare+Choice Program. Health Plan and KFH shall at all times retain the right to monitor Hospital's performance of such delegated functions. Health Plan and KFH reserve the right to revoke such delegation in the event that either Health Plan, KFH or CMS determine that such activities or functions have not been performed in a satisfactory manner.

Policies and Procedures

Health Plan and/or KFH have adopted administrative policies and procedures for operationalizing many of the requirements of this Agreement and the Medicare+Choice Program. In accordance with its legal obligations, KFH shall provide Hospital with information regarding such process for participation and consultation. Hospital shall comply with such policies and procedures to the extent required by the Medicare + Choice Program.

Payment of Compensation

KFH shall pay Hospital for Covered Services rendered to Members, and Hospital shall accept such payment and any permissible copayments as payment in full. KFH shall pay Hospital for all Covered Services within sixty (60) days of receipt of a properly submitted, supported and undisputed invoice. Any disputed invoices will be approved or denied within sixty (60) days of the date of the dispute. Interest, if any, on any late payments will be paid as required by law.

If Hospital has financial responsibility for payment to non-contracted providers who render Emergency Services and Urgent Care Services to Members, Hospital must comply with all of the provisions for prompt payment and interest payments as required by CMS.

Termination as to Medicare+Choice Members

In the event that the Medicare+Choice contract between CMS and Health Plan is terminated or not renewed, this Agreement will be terminated as to Medicare+Choice Members unless CMS and Health Plan agree otherwise. Such termination as to Medicare+Choice Members shall be accomplished by delivery of written notice by KFH to Hospital of the date upon which such termination will become effective.

Termination without Cause

In the event that the Agreement permits either party to terminate without cause upon the giving of notice, then neither Hospital nor KFH may terminate this Agreement as to the Medicare+Choice Program without providing written notice to the other party upon the greater of (a) sixty (60) days or (b) such other longer notice period as set forth in the Agreement. Nothing stated herein shall create a right in either party to terminate without cause if the Agreement does not already provide for such right.

Notice and Hearing Rights upon Suspension or Termination of Agreement

In certain contractual arrangements, certain physicians may have rights to a notice and hearing in the event that KFH or Medical Group suspends or terminates an agreement. If KFH or Medical Group determines that any such physicians are entitled to any such notice or hearing upon suspension or termination of this Agreement, then KFH shall so notify Hospital and Hospital shall cooperate with KFH, Health Plan and Medical Group so that they can fulfill all relevant regulatory requirements.

Notwithstanding the foregoing, the suspension or termination of this Agreement shall be final within the period stated in such notice to Hospital.

Nothing stated herein shall create any contract rights, whether express or implied, in favor of a physician who is not a signatory to this Agreement. Further, no notice, appeal or hearing shall have the effect of tolling the term of this Agreement (if the Agreement sets forth a specified term) during the notice or appeal period nor of extending the term of this Agreement beyond the date stated, if any, in the Agreement or the notice of termination.

If the term of this Agreement ends on a particular date, such termination shall be deemed a termination by mutual consent and shall not be a suspension or termination for purposes of this Section. If the Agreement continues until either party gives notice of non-renewal, such notice of non-renewal by either party shall not be considered a suspension or termination for purposes of this Section.

Encounter Data.

Hospital hereby acknowledges that Health Plan and KFH are required to provide CMS and other federal and state regulatory agencies and accrediting organizations with encounter data as requested by such agencies and organizations. Such data may include medical records and all other data necessary to characterize each encounter between a Member and Hospital. Hospital agrees to cooperate with Health Plan and KFH and provide them with all such information in such form and manner as requested by Health Plan or KFH in order to meet regulatory requirements.

Maintenance and Audit of Records

Hospital shall maintain books, charts, documents, papers, reports and records (including, but not limited to, financial, accounting, administrative, and patient medical records and prescription files) related to Covered Services provided hereunder to Members, to the cost thereof, to payments received from Members or others on their behalf, and to the financial condition of Hospital ("Records"). Records also include those that are customarily maintained by Hospital for purposes of verifying claims information and reviewing appropriate utilization of Services. Hospital shall maintain Records in accord with applicable state and federal requirements, including privacy and confidentiality requirements, and in a form maintained in accordance with the general standards applicable to that book or record keeping. Hospital shall be fully bound by the requirements in Title 42 of the Code of Federal Regulations Section 2.1 et seq., relating to the maintenance and disclosure of Member Records received or acquired by federally assisted alcohol or drug programs. Hospital shall preserve Records for the longer of (i) seven (7) years after termination of this Agreement, (ii) one (1) year after the Member reaches the age of majority, if the Member is a minor, (iii) the period of time required by state and federal law, including the period required by the governing state laws, Medicare and Medicaid programs and contracts to which Health Plan or KFH is subject, or (iv) six (6) years from the final date of the Agreement or from the date of completion of any audit, whichever is longer, or longer if so required by CMS.

Hospital shall comply with all provisions of the Omnibus Reconciliation Act of 1980 and the Balanced Budget Act of 1997 regarding access to books, documents, and records. Without limiting the foregoing, Hospital shall maintain, provide access to, and provide copies of Records, this Agreement and other information to the California Department of Managed Care, the U.S. Department of Justice, the Secretary of the U.S. Department of Health and Human Services, the U. S. Comptroller General, CMS, Peer Review Organizations, their designees, and such other officials entitled by law or under Health Plan Medi-Cal Contracts (collectively,

"Government Officials") as may be necessary for compliance by Health Plan or KFH with the provisions of all state and federal laws and contractual requirements governing Health Plan or KFH, including, but not limited to, the Knox-Keene Health Care Service Plan Act of 1975, as amended, and the regulations thereunder, and the Medicare and Medi-Cal programs. Such Records shall be available at all reasonable times at Hospital's place of business or at some other mutually agreeable location.

Certification of Accuracy of Data

Hospital recognizes that as a Medicare+Choice organization, Health Plan and KFH are required to certify the accuracy, completeness and truthfulness of data that CMS requests. Such data include encounter data, payment data, and any other information provided to Health Plan or KFH by its contractors and subcontractors. Hospital and its subcontractors hereby represent and warrant that that any such data submitted to Health Plan or KFH will be accurate, complete and truthful. Upon request, Hospital shall make such certification in the form and manner specified by Health Plan or KFH in order to meet regulatory requirements.

Non-Discrimination/Compliance with Laws

Hospital shall not discriminate against Members on the basis of any factor prohibited by law, including but not limited to health status, mental condition, including mental or physical illness, claims experience, receipt of health care, medical history, genetic information, evidence of insurability (including conditions arising out of acts of domestic violence) or disability. Hospital shall comply with the provisions of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, The Rehabilitation Act of 1973 and Americans with Disabilities Act and all other laws applicable to recipients of federal funds, and all other applicable laws, regulations and rules.

Hospital and all of its subcontractors providing services hereunder must comply with all applicable Medicare laws, regulations and CMS instructions. Any provision required to be in these Requirements or the Agreement by the rules and regulations governing the Medicare+Choice Program shall bind the parties whether or not provided in this Agreement. In addition, to the extent applicable, Hospital shall comply with the obligations in the contract between CMS and Health Plan governing Health Plan's and KFH' participation in the Medicare+Choice Program.

Requirements Binding Upon Hospital's Subcontractors

If Hospital arranges for the provision of any services, including but not limited to Covered Services, from other healthcare providers, Hospital shall include in its contracts with such providers all of the contractual and legal obligations required by the laws, regulations, rules and directions of CMS including but not limited to the following requirements as applicable to the services to be provided by such providers: Maintenance and Audit of Records; Confidentiality of Members' Records/Advance Directives; Access to Services; Accountability and Delegation; No Recourse against Members; Continued Services; Payment of Compensation; Encounter Data; Certification and Accuracy of Data; Quality Review and Improvement; Termination without Cause; Notice and Hearing Rights upon Suspension or Termination of Agreement; Provider Credentialing and Selection; Policies and Procedures; and NonDiscrimination/ Compliance with Laws. To the extent that CMS requires additional provisions to be included in such subcontracts, Hospital shall amend its contracts accordingly or such amendments shall be deemed included in all such subcontracts.

APPENDIX "1"
Kaiser Foundation Hospitals
Participating Hospital Agreement
With
County of Los Angeles

"PAYORS"

Kaiser Foundation Health Plan, Inc.

Kaiser Foundation Health Plan of Colorado
Kaiser Foundation Health Plan of Georgia, Inc.
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
Kaiser Foundation Health Plan of the Northwest
Kaiser Foundation Health Plan of Ohio
Kaiser Foundation Added Choice Health Plan, Inc.
Kaiser Foundation Health Plan of the Northwest
Group Health Cooperative

Kaiser Foundation Hospitals
Permanente Medical Group organizations

Southern California Permanente Medical Group
The Permanente Medical Group, Inc.
Colorado Permanente Medical Group, P.C.
Hawaii Permanente Medical Group, Inc.
Mid-Atlantic Permanente Medical Group, P.C.
Northwest Permanente, P.C., Physicians and Surgeons
Ohio Permanente Medical Group, Inc.
Permanente Dental Associates
Permanente Services of Hawaii
The Southeast Permanente Medical Group, Inc.
The Permanente Federation
Desert Medical Group, Inc.
Oasis Independent Practice Association
Alan Schoengold, M.D., P.C. doing business as "Seaview Independent Practice Association"
Buenaventura Medical Group
(the last five named entities are "Payors" only for the limited purpose of health care for Kaiser Permanente members for which these entities are financially liable)